

**§ 257.104 Eligible mortgages.**

A mortgage eligible to be refinanced under section 257 of the Act must:

(a) Have been originated on or before January 1, 2008.

(b) Be secured by a property that is:  
(1) Owned and occupied by the mortgagor as his or her primary residence; and

(2) The only residence in which the mortgagor has any present ownership interest, except for property acquired by the mortgagor through inheritance.

(c) Meet such other requirements as HUD may adopt.

**§ 257.106 Eligible mortgagors.**

A mortgagor shall be eligible to refinance his or her existing mortgages under section 257 of the Act only if:

(a)(1) The mortgagor has, as of the date of application for the H4H program mortgage, a total monthly mortgage payment of more than 31 percent of the mortgagor's monthly gross income; or

(2) If the mortgagor's existing senior mortgage or existing subordinate mortgage, if any, is an adjustable-rate mortgage that by its terms resets after the date of application for the H4H program mortgage, the mortgagor will be likely to have a total monthly mortgage payment (based on mortgages outstanding on the date of application for the H4H program mortgage) of more than 31 percent of the mortgagor's monthly gross income calculated as of the date the mortgagor applies for the H4H program mortgage;

(b) The mortgagor does not have an ownership interest in any other residential property, except for a property that the mortgagor has inherited;

(c) The mortgagor has not been convicted of fraud under federal or state law during the 10-year period ending upon insurance of the H4H program mortgage;

(d) The mortgagor does not have a net worth, as of the date the mortgagor first applies for the H4H program mortgage, which exceeds \$1 million.

(e) The mortgagor meets such other requirements as HUD may adopt.

**§ 257.108 Eligible properties.**

(a) A mortgage may be insured under the H4H program only if the property

that is to be the security for the mortgage is a one-to-four unit residence.

(b) The following property types are eligible to secure a mortgage insured under the H4H program:

(1) Detached and semi-detached dwellings;

(2) A condominium unit;

(3) A cooperative unit; or

(4) A manufactured home that is permanently affixed to realty and is treated as realty under applicable state law, except state taxation law.

**§ 257.110 Underwriting.**

A mortgage may be insured under the H4H program only if the following conditions are met:

(a) *Loan-to-value and income thresholds.* The loan-to-value (LTV), payment-to-income, and debt-to-income ratios of the H4H program mortgage do not exceed the thresholds set forth in either paragraph (a)(1) or (a)(2) of this section.

(1) *Program mortgage with LTV ratio of 90 percent or less.* (i) The initial principal balance of the H4H program mortgage (excluding the amount of the up-front premium) as a percentage of the current appraised value of the property does not exceed 90 percent;

(ii) The total monthly mortgage payment of the mortgagor under the H4H program mortgage does not exceed 38 percent of the mortgagor's monthly gross income; and

(iii) The sum of the total monthly mortgage payment under the H4H program mortgage and all monthly recurring expenses of the mortgagor do not exceed 43 percent of the mortgagor's monthly gross income.

(2) *Program mortgage with LTV of greater than 90 percent.* (i) The initial principal balance of the H4H program mortgage (excluding the amount of the up-front premium) as a percentage of the current appraised value of the property exceeds 90 percent (up to any limit established by HUD through Mortgagee Letter);

(ii) The total monthly mortgage payment of the mortgagor under the H4H program mortgage does not exceed 31 percent of the mortgagor's monthly gross income; and